

FRIENDS OF BRAD SHERMAN

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The Chairman and Commissioners of the

Fair Political Practices Commission

c/o Executive Director Mark Krausse

RE: Proposed Regulation 18404.1--Termination of Committees

Dear FPPC Commissioners:

I write on behalf of the committee *Friends of Brad Sherman*, which was formed in 1989 to elect and re-elect me to the State Board of Equalization in 1990 and 1994. I also write on behalf of the committee's creditors. (Full disclosure requires me to note that I am by far the largest creditor.)

I understand the commission's intent in terminating old, inactive committees both as a matter of administrative efficiency and to prevent such committees from being used to circumvent the limits of Proposition 34. I am confident that these goals can be met without unfairly affecting committees formed before 2001.

The proposed regulation provides that committees formed in the 1990s can have their life extended in six-month intervals, but does not provide standards which, if met, would assure such a committee that it continue to exist. I propose that committees be entitled to be extended if they write the Executive Director and demonstrate that they meet the following standards:

A. Activity: The committee should demonstrate that during the last six months it has repaid to its creditors either \$5000 or 10% of its debt, whichever is greater, and that it plans to meet the same standard during the following six months.

B. Non-Electioneering: The committee should agree in writing that none of its resources will ever be used to affect any state or local election, or contributed or transferred to any candidate committee.

C. No Excess Fundraising: The committee should agree in writing to raise only the funds needed to pay its debts and administrative costs, and the costs of raising funds to pay such debts and costs.

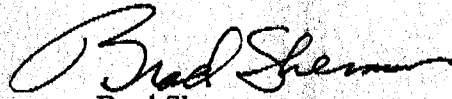
Standard B above may already be required by law under the "Use of Surplus Campaign Funds" (Section 89519). In any case, by imposing Standard B, the Commission would be assured that any pre-2001 committee can never be used to circumvent Proposition 34.

By adding these provisions to the proposed regulation, the regulation would meet its objectives and provide standards and clarity. Moreover, the statutory provision which allows the Commission to regulate the procedures for the termination of committees may not authorize the Commission to order the substantive termination of a committee actively engaged in legal political activity. In addition, it is unfair to prevent committees actively engaged in meeting their legal responsibilities to pay their debts legally incurred before 2001, such that they must renege on that portion of their debt they are unable to pay by the end of this year.

Finally, many committees effected by the proposed regulation are unaware of the proposal, even though a similar temporary regulation was adopted late last year. I became aware of the proposal only by accident.

I thank you for your consideration of this proposal.

Very Truly Yours,



Brad Sherman

PS: I would have no objection if all committees formed before 2001 were required to terminate by December 31, 2004, especially if written notice were sent to committees now, so that they know they have 3 years to wrap-up their affairs.

I personally want to spend 2002 focusing on the 2002 elections, and know I can wrap-up the affairs of *Friends of Brad Sherman* 2 years after December 31, 2002.